

Message Text

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TO SECSTATE WASHDC IMMEDIATE 8725

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MOSCOW

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AMCONSUL GOTEBOG

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C O N F I D E N T I A L SECTION 1 OF 3 STOCKHOLM 5184

E.O. 11652: GDS

TAGS: PFOR, PINT, SW

SUBJECT: SWEDISH ELECTIONS: CONSIDERATIONS ON FACTORS LEADING TO
NON-SOCIALIST VICTORY AND SOME DIFFICULTIES FOR NEW GOVERNMENT

REF: STOCKHOLM 5145

1. BEGIN SUMMARY. 180-169 LINE-UP IN NEW RIKSDAG IN
FAVOR OF NON-SOCIALIST BLOC EXPECTED. WHILE SOCIAL
DEMOCRATS INSIST ELECTION LOST ON NUCLEAR ENERGY ISSUE,
OPPOSITION (AND EMBASSY) BELIEVE OTHER AND MORE
PHILOSOPHICAL DIFFERENCES BETWEEN TWO POLITICAL BLOCS
WERE INVOLVED INCLUDING DEMANDS FOR LESS GOVERNMENT
INTERVENTION IN PEOPLE'S LIVES AND ECONOMY, FEARED
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MEIDNER PLAN, HIGH TAXES, ETC. OVERTHROW OF SOCIAL

DEMOCRATS BRINGS PALME'S PERSONAL LEADERSHIP INTO QUESTION AS 1976 CONTEST REFLECTS CONTINUING DECLINE OF SDP SUPPORT THROUGHOUT PALME'S TENURE AS PARTY LEADER. WHILE OPPOSITION STILL EUPHORIC OVER SMASHING VICTORY, NEW GOVERNMENT'S DIFFICULTIES WILL BE SUBSTANTIAL. FALLDIN MUST NOW SUCCEED IN WORKING OUT REAL DIFFERENCES AMONG THREE PARTIES'S VIEWS ON MAJOR ISSUES TO BE ABLE TO OFFER PUBLIC SINGLE VIABLE GOVERNMENT PROGRAM. GIVEN SERIOUS INTRA-COALITION DIFFERENCES ON IMPORTANT NUCLEAR ENERGY ISSUE, NEW GOVERNMENT MAY ATTEMPT TO "SOLVE" PROBLEM THROUGH NATIONAL REFERENDUM. TRADE UNIONS HAVE ALREADY INDICATED MILITANT STANCE IN NEXT COLLECTIVE BARGAINING ROUND, AS RESULT OF NEW ATMOSPHERE CREATED BY SEPTEMBER 19 "REVOLUTION." SWEDISH FOREIGN POLICY UNLIKELY TO UNDERGO MAJOR MODIFICATIONS UNDER FALLDIN REGIME EXCEPT IN RHETORIC ACCOMPANY IMPLEMENTATION. NEW GOVERNMENT NOT EXPECTED TO TAKE INITIATIVES ON EITHER DOMESTIC OR INTERNATIONAL QUESTIONS WHICH WOULD AFFECT AMERICAN INTERESTS IN SWEDEN. ONCE NEW GOVERNMENT IS INSTALLED, EMBASSY WILL ENTER INTO CLOSE CONTACT WITH IT AND WILL HAVE UNDER CONTINUOUS REVIEW WAYS IN WHICH BOTH ATMOSPHERE AND SUBSTANCES OF OUR BILATERAL RELATIONS CAN BE FURTHER IMPROVED. END SUMMARY.

2. ALTHOUGH ANNOUNCEMENT OF OFFICIAL RESULTS OF SEPTEMBER 19 GENERAL ELECTIONS MUST AWAIT THE COUNTING OF SEVERAL THOUSAND POSTAL BALLOTS, TO BE COMPLETED BY SEPTEMBER 22, THE ELEVEN SEAT MARGIN WON BY THE NON-SOCIALIST BLOC CONTINUES TO HOLD. LINE-UP IN NEW RIKSDAG WHICH CONVENES ON OCTOBER 4, THEREFORE, IS LIEKLY TO BE 180-169. POLITICAL OBSERVERS, MEDIA AND GENERAL PUBLIC ARE NOW BUSILY ENGAGED IN ATTEMPTING TO DETERMINE HOW AND WHY ELECTORAL "REVOLUTION" TOOK PLACE TO CAUSE SWEDISH SOCIAL DEMOCRATS TO BE DUMPED FROM GOVERNMENT LEADERSHIP AFTER UNINTERRUPTED REIGN OF 44 YEARS.

3. LEADING SOCIAL DEMOCRATS, INCLUDING PALME,
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HAVE THUS FAR EXPLAINED SDP DEFEAT ALMOST ENTIRELY IN TERMS OF CENTER PARTY SUCCESS IN EXPLOITING POPULAR CONCERN OVER POTENTIAL DANGERS FROM EXPANDED NUCLEAR ENERGY PRODUCTION. PALME, FOR EXAMPLE, HAS CLAIMED THAT WITHOUT THE ENERGY DEBATE, IN WHICH SDP STEADFASTLY MAINTAINED SWEDEN'S CURRENT AND FUTURE REQUIREMENTS OF NUCLEAR ENERGY

RESOURCS, THE SOCIALIST BLOC WOULD HAVE RETAINED
GOVERNMENT POWER. IN EFFECT, THE SOCIAL DEMOCRATS
AND THEIR DEFENDERS ARE ASSERTING THAT ELECTION
WAS AN INDIRECT REFERENDUM ON THE NUCLEAR ENERGY
ISSUE.

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4. WHILE THE ENERGY DEBATE CERTAINLY DOMINATED
THE LAST FIVE WEEKS OF CAMPAIGN, NEITHER OPPOSITION
LEADERS NOR THE EMBASSY AGREE WITH PALME THAT THIS QUESTION
EXPLAINS ADEQUATELY THE SDP LOSS, WHICH IN MODERN SWEDISH
POLITICAL TERMS CAN BE CONSIDERED A "LANDSLIDE."
THERE WERE DEFINITELY OTHER MAJOR AND TELLING ISSUES,

E.G., THE HIGH, SOME SAY STIFLING, RATES OF TAXATION;
THE ARBITRARY WAYS OF THE TAX COLLECTORS AND
THE CALLOUSNESS OF THE BUREAUCRATS GENERALLY (THE
INGMAR BERGMAN AND ASTRID LINDGREN CASES); THE
FEARED MEIDNER PLAN, WHICH, THROUGH THE CREATION
OF WORKER FUNDS, WOULD PLACE MUCH OF SWEDISH
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INDUSTRY AND COMMERCE UNDER TRADE UNION CONTROL
WITHIN A GENERATION; THE PALME GOVERNMENT'S
ABNORMAL (IN SWEDISH EXPERIENCE) EMPHASIS ON
FOREIGN POLICY ISSUES AND THE GOVERNMENT'S
RATHER DELIBERATE CATERING TO THIRD WORLD DEMANDS
AND ASPIRATIONS; PALME'S EXTENSIVE FOREIGN
TRAVEL; THE CONCERN THAT SWEDISH INDUSTRY
HAD BEGUN TO PRICE ITSELF OUT OF EXPORT MARKETS
BECAUSE OF EXTENSIVE SOCIAL WELFARE COST BURDENS;
AND, NOT LEAST, THE CAUSTIC PERSONAL CAMPAIGN
STYLE OF THE PRIME MINISTER HIMSELF WHOSE SHARP
TONGUE AND SOMEWHAT CONDESCENDING MANNER HAVE IN
NO WAY ENDEARED HIM TO MANY SWEDES OUTSIDE HIS
OWN SDP. OTHER POSSIBLE FACTORS INCLUDED THE
EXTENT OF PARTICIPATION AND THE POLITICAL
PROCLIVITIES OF THE APPROXIMATELY 500,000 YOUNG
VOTERS IN THE 18-21 AGE GROUP WHO WENT TO THE POLLS
FOR THE FIRST TIME THIS WEEK, AND THE BENEFICIARIES
OF THE DEFECTIONS FROM THE SMALL CHRISTIAN
DEMOCRAT UNION (KDS).

5. MORE LONG TERM FACTORS WERE ALSO INVOLVED. THE
SDP 1976 VOTE WAS 42.9 PERCENT OF THE TOTAL, A FIGURE
WHICH IS OF MORE THAN IMMEDIATE SIGNIFICANCE. IT
MEANS THAT SDP SUPPORT HAS STEADILY BEEN REDUCED
MORE THAN 7 PERCENT FROM THE 1969 FIGURE WHEN PALME
REPLACED TAGE ERLANDER, HIS WIDELY-ADMIRED
PREDECESSOR AS PRIME MINISTER. EVEN SDP DEFENDERS
WHO TODAY ARE ATTEMPTING TO EXPLAIN AWAY THE
PARTY'S DEFEAT BECAUSE THE SDP "HAD COURAGE TO
STAND ON PRINCIPLES IN THE NUCLEAR ENERGY DEBATE,"
HAVE TO ADMIT THE ENERGY QUESTION WAS NOT INVOLVED
IN THE 1970 OR 1973 CONTESTS WHICH ALSO
DEMONSTRATED THAT SDP FORTUNES WERE ON THE WANE.
PALME STRONGLY DEFENDED HIS LEADERSHIP OF THE
PARTY SHORTLY AFTER IT BECAME CLEAR HE WOULD HAVE
TO RESIGN. IN A TELEVISION INTERVIEW, HE DENIED
HE WOULD LEAVE SWEDEN TO TAKE UP A POSITION WITH AN
INTERNATIONAL ORGANIZATION (READ UN), AND INSISTED
HE WOULD NOW ASSUME ROLE OF STRONG OPPOSITION
LEADER. NEVERTHELESS, SOME EMBASSY SOURCES HAVE
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ALREADY EXPRESSED VAGUE CONCERN OVER THE PARTY'S INABILITY TO ARREST ITS DECLINING SUPPORT UNDER PALME. AND WHILE HIS POSITION TODAY IS APPARENTLY SOLID, IT IS QUITE CONCEIVABLE THAT PALME WILL BE FACED WITH RIVAL CANDIDATES FOR HIS JOB AT THE NEXT SDP CONGRESS IN 1978.

6. AS FOR THE THREE VICTORIOUS OPPOSITION PARTIES, LIFE WILL NOT NOW OR LATER BECOME THE PROVERBIAL BOWL OF CHERRIES. FROM SEVERAL POINTS OF VIEW, IT IS AN UNUSUAL ALLIANCE WHOSE UNITY AND PURPOSE EXISTS ONLY IN ITS COMMON OPPOSITION TO CONTINUED SOCIALIST RULE. THESE PARTIES HAVE NO SINGLE GOVERNMENT PROGRAM TO OFFER THE PUBLIC--ONLY THREE SEPARATE AND LARGELY UNSYNCHRONIZED PARTY PROGRAMS. IN ADDITION TO THE EXTREMELY HARD BARGAINING NOW GOING ON TO DETERMINE WHICH PARTY LEADERS WILL RECEIVE WHICH CABINET PORTFOLIOS, THERE IS THE AWESOME DIFFICULTY OF HAMMERING OUT A VIABLE PROGRAM WHICH ALL CAN ENDORSE AND BEGIN TO IMPLEMENT SOON AFTER OCTOBER 4. THE THREE PARTIES, DESPITE DECADES OF HAMMERING AT SDP FAILURES, HAVE NEVER FELT STIMULATED OR FORCED TO BRING DISPARATE VIEWS ON NATIONAL PROBLEMS INTO CONFORMITY, AND IT WILL BE INTERESTING TO MEASURE THEIR PROGRESS IN TRYING TO DO SO. PRIME MINISTER-DESIGNATE FALLDIN HAS ALREADY INDICATED A CAUTIOUS, GO-SLOW APPROACH (AS WELL HE MIGHT) IN WORKING OUT DIFFERENCES AMONG THE PARTIES ON MAJOR QUESTIONS. ON THE SINGLE MOST PUBLICIZED ISSUE ON WHICH MANY IN SWEDEN BASE HIS VICTORY--NUCLEAR ENERGY PRODUCTION--FALLDIN AND HIS COALITION COLLEAGUES HAVE BEGUN TO HINT THAT THE QUESTION IS OF SUCH VITAL CONCERN TO SWEDEN'S FUTURE THAT THE PEOPLE THEMSELVES THROUGH A REFERENDUM RATHER THAN THE GOVERNMENT ALONE SHOULD DECIDE ITS FUTURE. A NEAT POLITICAL PARTY SOLUTION.

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7. THE NEXT GOVERNMENT'S WORK WILL NOT BE MADE EASIER EITHER BY THE DETERMINATION OF THE SDP, THE COMMUNISTS AND THE LABOR UNIONS (LO) TO PROVE THEMSELVES-- FOR THE FIRST TIME IN THE MEMORY OF ANYONE EXCEPT THE VERY ELDERLY--A WORTHY OPPOSITION TO BE RECKONED WITH. AS THE LEADER OF THE STILL LARGEST PARTY, PALME HAS HINTED THAT HE ANTICIPATES WITH SOME RELISH OBSERVING FALLDIN AND COMPANY AS THEY ATTEMPT TO DELIVER ON A MULTITUDE OF CAMPAIGN PROMISES--OF MORE JOBS, LESS INFLATION, SOCIAL BENEFITS WITHOUT TAX INCREASES, TAX REFORM, ETC.

8. FOR THE MASSIVE LO ORGANIZATION, AS FOR
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EVERYONE ELSE, THE ELECTION RESULTS REPRESENT A COMPLETELY NEW BALL GAME. LEFT WITHOUT FRIENDLY, COOPERATIVE COLLEAGUES IN THE HIGHEST ECHELONS OF THE GOVERNMENT, THE TRADE UNIONS WILL BE SUSPICIOUS, DEFENSIVE AND EDGY. WHILE EMBASSY BELIEVES LO WILL NOT WANT, THROUGH IMPULSIVE ACTION, TO BRING ABOUT THE DESTRUCTION OF AN INTRICATE

AND SMOOTHLY FUNCTIONING COLLECTIVE BARGAINING STRUCTURE, THE LABOR-MANAGEMENT ATMOSPHERE IN SWEDEN COULD WELL PROVE STORMY, PARTICULARLY IN THE NEXT SIX MONTHS WHEN WAGE AND CO-DETERMINATION BARGAINING MUST TAKE PLACE ON A NATIONAL SCALE. OPPOSITION LEADERS IN THE CAMPAIGN PROMISED TO PREVENT NEW PAYROLL TAXES PAID BY EMPLOYERS FOR SOCIAL PROGRAMS. IF THEY NOW FOLLOW THROUGH, THE RESULT COULD WELL BE HIGHER WAGE DEMANDS IN THESE NEGOTIATIONS, BACKED UP BY STRIKE THREATS AND THE USE OF OTHER UNION WEAPONS.

9. REGARDING IMPLICATIONS FOR SWEDISH FOREIGN POLICY, THE FACT THAT NONE OF THE THREE OPPOSITION PARTIES HAVE EVER HAD THE OPPORTUNITY TO DIRECT THE NATION'S FOREIGN POLICY MEANS PROBABLY THAT NEW INITIATIVES FOR CHANGED DIRECTIONS IN THIS AREA WILL BE SLOW IN COMING. THE POSITION OF FOREIGN MINISTER IN SWEDEN IS NOT USUALLY CONSIDERED TO BE OF THE SAME POLITICAL WEIGHT AS OTHER DOMESTIC-ORIENTED PORTFOLIOS, ASUCH AS FINANCE. THE CENTER PARTY, IN PARTICULAR, HAS INDICATED RELATIVELY LITTLE INTEREST IN FOREIGN AFFAIRS AND NO SPECIFIC FOREIGN POLICY ISSUES WERE A MATTER OF CENTRAL IMPORTANCE IN THE CAMPAIGN. FOREIGN ASSISTANCE, HOWEVER, PARTICULARLY TO THE RADICAL REGIMES IN HAVANA AND HANOI COULD WELL BE EARLY TARGETS FOR MODIFICATION. THE RHETORIC WHICH HAS OFTEN ACCOMPANIED THE PALME GOVERNMENT'S IMPLEMENTATION OF POLICY, PARTICULARLY THE FREQUENT REFERENCES TO GOS SUPPORT FOR LIBERATION MOVEMENTS AND THIRD WORLD ASPIRATIONS, MOST PROBABLY WILL BE ABSENT OR TONED DOWN. THE BASIC LINES OF FOREIGN POLICY, HOWEVER, ARE NOT LIKELY TO BE CHANGED.

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10. AS FOR SWEDISH-AMERICAN RELATIONSHIPS, THE HISTORIC SWEDISH ELECTIONS RESULTS MOST LIKELY WILL NOT ALTER THE COURSE OF OUR BILATERAL RELATIONS WITH SWEDEN. WHILE TRUE THAT MODERATE AND LIBERAL PARTY LEADERS ARE MORE CLOSELY IDENTIFIED WITH PRO-WESTERN, PRO-AMERICAN ATTITUDES, THE NEW GOVERNMENT OF PRIME MINISTER FALLDIN IS NOT LIKELY TO TAKE EARLY INITIATIVES, EITHER DOMESTICALLY OR IN THE INTERNATIONAL FIELD, WHICH WOULD AFFECT BASIC AMERICAN INTERESTS IN SWEDEN. ONCE THE NEW GOVERNMENT IS INSTALLED THE EMBASSY WILL OF COURSE ENTER INTO CLOSE CONTACT WITH IT AND WILL HAVE UNDER CONTINUOUS REVIEW WAYS IN WHICH BOTH THE ATMOSPHERE AND THE SUBSTANCE OF OUR BILATERAL RELATIONS CAN BE

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